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FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3515
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 4880
RUEHLM/AMEMBASSY COLOMBO PRIORITY 5129
RUEHKA/AMEMBASSY DHAKA PRIORITY 0280
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 3123
RUEHLO/AMEMBASSY LONDON PRIORITY 4518
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RHEFDIA/DIA WASHDC PRIORITY

C O N F I D E N T I A L KATHMANDU 002777

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E.O. 12958: DECL: 10/17/2016
TAGS: [PGOV](#) [PTER](#) [PARM](#) [NP](#)
SUBJECT: UPDATE ON NEPAL'S PEACE PROCESS

Classified By: Charge d'Affaires Nicholas Dean. Reasons 1.4 (b/d)

Summary -----

¶1. (C) USAID-contracted peace facilitator Siebert highlighted the difficulties Government of Nepal (GON) and Maoist negotiators faced in addressing the Maoist militia and security issues in an update for Charge on October 18. Senior politicians in the center-right Nepali Congress (NC) and the center-left Communist Party of Nepal - United Marxist Leninist (CPN-UML) told Pol/Econ Chief October 17 and 18, respectively, that divisions remained between the Government of Nepal and the Communist Party of Nepal (Maoist) (CPN-M) on arms management as well as other issues. Divisions within the Seven-Party Alliance on these same issues also posed a continuing problem. They speculated, however, that a peace deal might nevertheless be possible within one to three weeks.

Security Issues Proving Thorny -----

¶2. (C) Hannes Siebert, the South African peace facilitator on contract from USAID, updated Charge October 18 on the various challenges that the negotiators from the Government of Nepal (GON) and the Communist Party of Nepal (Maoist) were facing with respect to the panoply of security issues. The question of what to do about the Maoist militia, he pointed out, had now really come to the fore. The arms management piece of the negotiations had already been struggling, he said, to come to grips with the Maoist People's Liberation Army (PLA) and its weapons on the one hand and the Nepal Army on the other. Adding in perhaps as many as 100,000 Maoist militia made the matter even more complicated. He noted that the negotiators had recognized early on the need to deal with the militia, but had been at a complete loss on how to proceed given the perceived sensitivity of the peace process to GON law enforcement. One idea being considered was to have 15,000 of the militia go into cantonments along with the PLA. That still left 80 plus thousand outside. Ensuring security was going to be a key issue, Siebert predicted, for local peace councils. It would also require the creation of special institutions: it could not be a GON monopoly.

Interim Government and Parliament In Play -----

13. (C) The peace facilitator remarked to Charge that the two sides were closer to agreement on the interim executive or government than on the interim parliament. One idea under consideration was to give the interim executive more power relative to the parliament. Arjun Narsingh, a senior leader of the center-right Nepali Congress, and Jhalanath Khanal, a former secretary general of the center-left Communist Party of Nepal - United Marxist Leninist, told Pol/Econ Chief October 17 and 18, respectively, that no agreement had been sealed on the form of the interim government. Khanal told Emboff that the eight parties (the Seven-Party Alliance and the Maoists) would be given seats in the interim cabinet in the same ratio as their representation in the interim parliament. (Siebert had told us previously that another formula under consideration would give four seats each in the government to the NC, the CPN-UML, and the Maoists, with the other parties getting one or two at the most.) According to Narsingh, consensus was developing to create a parliament of 325 members based on the existing 205-seat parliament. He said the Maoists would probably receive 75 seats. He claimed that the other members of the SPA would also gain some seats. He added that PM Koirala had told the CPN-UML a day earlier that they would probably have to accept parity with the CPN-M in terms of MPs. The Maoists, the NC politician remarked, had initially insisted that they be second only to the NC, the current parliament's largest party. Khanal ventured, in contrast, that the CPN-UML would be second, followed by the Maoists, but he did concede that all the parties would have to sacrifice in order to give the Maoists sufficient standing in the interim government and parliament.

What Role for Prachanda and His Deputy?

14. (C) Narsingh told P/E Chief that his understanding was that Maoist Supremo Prachanda and his deputy Baburam Bhattarai did not intend to serve in either the interim government or the interim parliament. When asked if that was not cause for concern about the Maoist leaders' commitment to the political process, he did not disagree. In response to a question about his views, Khanal was emphatic that the seven parties would insist that at least Bhattarai joined the cabinet. It would be too dangerous otherwise.

Role of the Monarch As a Maoist Weapon

15. (C) Khanal urged the Embassy to press the Nepali Congress to join a consensus with the other SPA member parties on the future of the monarchy. The CPN-UML leader stressed that, as long as the SPA was divided, the CPN-M would use the issue of the monarchy as a weapon against the other parties. A unified SPA position, on the other hand, would allow the SPA to focus attention on the real issue in the peace talks, namely Maoist arms management. Khanal conceded that there continued to be a large number of Nepalis who supported the existence of the monarchy. That was one reason, he stated, why he opposed the Maoist proposal for the peace negotiators to declare Nepal a republic right away. What he had difficulty understanding was why the NC was unwilling to agree to a referendum on the issue. P/E chief explained that the USG was agnostic on how the question of the king's role was decided as long as the people were consulted. It was up to the Nepalis themselves to decide whether to hold a referendum (as the CPN-UML preferred) or to leave the decision to the constituent assembly (as the NC preferred).

Arms Management

16. (C) Khanal agreed that a solution had to be found to the Maoist militia. It was currently under negotiation. Prachanda had told Khanal personally, Khanal reported, that the militia would lay down their arms -- if the "political issues" were resolved, meaning the question of the king. When pressed, Khanal did not have a clear answer on whether the UN or some other institution or mechanism would be established to handle the actual handing over of the militia's weapons,

but he affirmed it would have to be spelled out in any final deal.

Comment

¶7. (C) Anticipating when or even if there will be a peace deal in the coming days or weeks is a difficult task, and especially tricky given the rapid pace of developments here. There are still real issues to be resolved, as all of our interlocutors have made clear. There is also genuine optimism that this time, in spite of all the problems, some solution will be found. NC leader Narsingh told Emboff he thought a peace agreement could come in 1-3 weeks. The UML's Khanal was even sunnier: he said a deal had to come within 7-10 days. There would be otherwise not be enough time to make the announced plan to hold constituent assembly elections in the mid-May- mid-June timeframe a reality. We shall see.

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